

**SCHEDULE 19 – NOTES TO ACCOUNTS**

**Company overview**

Wipro Limited (Wipro), together with its subsidiaries and associates (collectively, the Company or the group) is a leading India based provider of IT Services and Products, including Business Process Outsourcing (BPO) services, globally. Further, Wipro has other businesses such as India and AsiaPac IT Services and Products and Consumer Care and Lighting. Wipro is headquartered in Bangalore, India.

**1. Significant accounting policies**

i. Basis of preparation of financial statements

The condensed financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under section 211(3C) of the Companies Act, 1956, other pronouncements of the Institute of Chartered Accountants of India, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India. The recognition, measurement and disclosure provisions of AS 25, Interim Financial Reporting, have been followed for these condensed interim financial statements.

ii. Principles of consolidation

The consolidated financial statements include the financial statements of Wipro and all its subsidiaries, which are more than 50% owned or controlled.

The financial statements of the parent company and its majority owned / controlled subsidiaries have been combined on a line by line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating all inter-company balances / transactions and resulting unrealized gain / loss.

The consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

iii. Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates.

iv. Goodwill

Goodwill arising on consolidation / acquisition of assets is not amortised. It is tested for impairment on a periodic basis and written-off if found impaired.

v. Fixed assets, intangible assets and work-in-progress

Fixed assets are stated at historical cost less accumulated depreciation.

Interest on borrowed money allocated to and utilized for qualifying fixed assets, pertaining to the period up to the date of capitalization is capitalized. Assets acquired on direct finance lease are capitalized at the gross value and interest thereon is charged to profit and loss account.

Intangible assets are stated at the consideration paid for acquisition less accumulated amortization.

Advances paid towards the acquisition of fixed assets outstanding as of each balance sheet date and the cost of fixed assets not ready for use before such date are disclosed under capital work-in-progress. Lease payments under operating lease are recognised as an expense in the profit and loss account.

Payments for leasehold land are amortised over the period of lease.

vi. Investments

Long term investments (other than investment in associate) are stated at cost less provision for diminution in the value of such investments. Diminution in value is provided for where the management is of the opinion that the diminution is of other than temporary nature. Short term investments are valued at lower of cost and net realizable value.

Investment in associate is accounted under the equity method.

vii. Inventories

Finished goods are valued at cost or net realizable value, whichever is lower. Other inventories are valued at cost less provision for obsolescence. Small value tools and consumables are charged to consumption on purchase. Cost is determined using weighted average method.

viii. Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the outflow.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

ix. Revenue recognition

Services:

Revenue from Software development services comprises revenue from time and material and fixed-price contracts. Revenue from time and material contracts is recognised as related services are performed. Revenue from fixed-price, fixed-time frame contracts is recognised in accordance with the "Percentage of Completion" method.

Revenues from BPO services are derived from both time-based and unit-priced contracts. Revenue is recognised as the related services are performed, in accordance with the specific terms of the contract with the customers.

Revenue from maintenance services is accrued over the period of the contract.

Revenue from customer training, support and other services is recognised as the related services are performed.

Provision for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates.

'Unbilled revenues' included in loans and advances represent cost and earnings in excess of billings as at the balance sheet date. 'Unearned revenues' included in current liabilities represent billing in excess of revenue recognised.

Products:

Revenue from sale of products is recognised, in accordance with the sales contract, on dispatch from the factories/ warehouse of the Company. Revenues from product sales are shown as net of excise duty, sales tax separately charged and applicable discounts.

Others:

Agency commission is accrued when shipment of consignment is dispatched by the principal.

Profit on sale of investments is recorded upon transfer of title by the Company. It is determined as the difference between the sales price and the then carrying amount of the investment.

Interest is recognised using the time-proportion method, based on rates implicit in the transaction.

Dividend income is recognised where the Company's right to receive dividend is established.

Export incentives are accounted on accrual basis and include estimated realizable values/ benefits from special import licenses and advance licenses.

Other income is recognised on accrual basis. Other income includes unrealized losses on short-term investments.

x. Warranty cost

The Company accrues the estimated cost of warranties at the time when the revenue is recognised. The accruals are based on the Company's historical experience of material usage and service delivery costs.

xi. Foreign currency transactions

The Company is exposed to currency fluctuations on foreign currency transactions. Foreign currency transactions are accounted in the books of accounts at the average rate for the month.

Transaction:

The difference between the rate at which foreign currency transactions are accounted and the rate at which they are realized is recognised in the profit and loss account.

Translation:

Monetary foreign currency assets and liabilities at period-end are translated at the closing rate. The difference arising from the translation is recognised in the profit and loss account.

Derivative instruments and Hedge accounting:

The Company is exposed to foreign currency fluctuations on foreign currency assets and forecasted cash flows denominated in foreign currency. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into forward exchange and option contracts, where the counterparty is a bank.

Since March 2004, the Company has designated forward contracts and options to hedge highly probable forecasted transactions as cash flow hedges based on the principles set out in International Accounting Standard (IAS 39) on Financial Instruments.

The exchange differences relating to these forward contracts and gains/losses on such options were being recognised in the period in which the forecasted transaction was expected to occur. The exchange differences relating to ineffective portion of the cash flow hedges and forward contracts / options not designated as cash flow hedges were recognised in the profit and loss account as they arose.

Effective April 1, 2007, based on the recognition and measurement principles set out in the Accounting Standard (AS) 30 on Financial Instruments: Recognition and Measurement, the changes in the fair values of forward contracts and options designated as cash flow hedges are recognised directly in shareholders' funds and are reclassified into the profit and loss account upon the occurrence of the hedged transaction. The changes in fair value relating to the

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES

ineffective portion of the cash flow hedges and forward contracts / options not designated as cash flow hedges are recognised in the profit and loss account as they arise.

### Integral operations:

In respect of integral operations, monetary assets and liabilities are translated at the exchange rate prevailing at the date of the balance sheet. Non-monetary items are translated at the historical rate. The items in the profit and loss account are translated at the average exchange rate during the period. The differences arising out of the translation are recognised in the profit and loss account.

### Non-integral operations:

In respect of non-integral operations, assets and liabilities are translated at the exchange rate prevailing at the date of the balance sheet. The items in the profit and loss account are translated at the average exchange rate during the period. The differences arising out of the translation are transferred to translation reserve.

## xii. Depreciation and amortisation

Depreciation is provided on straight line method at rates not lower than rates specified in Schedule XIV to the Companies Act, 1956. In some cases, assets are depreciated at the rates which are higher than Schedule XIV rates to reflect the economic life of asset. Management estimates the useful life of various assets as follows:

<b>Nature of asset</b>	<b>Life of asset</b>
Building	30 – 60 years
Plant and machinery	5 – 21 years
Office equipment	3 - 10 years
Vehicles	4 years
Furniture and fixtures	3 - 10 years
Data processing equipment and software	2 – 6 years

Fixed assets individually costing Rs. 5,000/- or less are depreciated at 100%.

Assets under capital lease are amortised over their estimated useful life or the lease term, whichever is lower. Intangible assets are amortized over their estimated useful life. For various brands acquired by the Company, the estimated useful life has been determined ranging between 20 to 25 years based on expected life, performance, market share, niche focus and longevity of the brand. Accordingly, such intangible assets are being amortised over the determined useful life.

## xiii. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset including goodwill may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. In respect of goodwill the impairment loss will be reversed only when it was caused by specific external events and their effects have been reversed by subsequent external events.

## xiv. Provision for retirement benefits

### Provident fund:

Employees receive benefits from a provident fund, a defined contribution plan. The employee and employer each make monthly contributions to the plan equal to 12% of the covered employee's

salary. A portion of the contribution is made to the provident fund trust managed by the Company, while the remainder of the contribution is made to the Government's provident fund.

Compensated absences:

The employees of the Company are entitled to compensated absence. The employees can carry-forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

Gratuity:

In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering certain categories of employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. Liability with regard to gratuity plan is accrued based on actuarial valuations at the balance sheet date, carried out by an independent actuary. Actuarial gain or loss is recognised immediately in the statement of profit and loss as income or expense. The Company has an employees' gratuity fund managed by the Life Insurance Corporation of India (LIC).

Superannuation:

Apart from being covered under the Gratuity Plan described above, the employees of the Company also participate in a defined contribution plan maintained by the Company. This plan is administered by the LIC & ICICI Prudential Insurance Company Limited. The Company makes annual contributions based on a specified percentage of each covered employee's salary.

xv. Employee stock options

The Company determines the compensation cost based on the intrinsic value method. The compensation cost is amortised on a straight line basis over the vesting period.

xvi. Research and development

Revenue expenditure on research and development is charged to Profit and Loss account and capital expenditure is shown as addition to fixed assets.

xvii. Income tax & Fringe benefit tax

Income tax:

The current charge for income taxes is calculated in accordance with the relevant tax regulations. Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements by each entity in the Company.

Deferred tax in respect of timing differences which originate during the tax holiday period but reverse after the tax holiday period is recognised in the period in which the timing differences originate. For this purpose, reversal of timing difference is determined using FIFO method.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment/substantive enactment date.

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES

Deferred tax assets on timing differences are recognised only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, deferred tax assets on the timing differences when unabsorbed depreciation and losses carried forward exist, are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets are reassessed for the appropriateness of their respective carrying amounts at each balance sheet date.

The income tax provision for the interim period is made based on the best estimate of the annual average effective tax rate expected to be applicable for full fiscal year. Changes in interim periods to tax provisions, for changes in judgments or settlements relating to tax exposure items of earlier years, are recorded as discrete items in the interim period of change. A detailed bifurcation between current tax and deferred tax charge / (benefit) is made at the year end.

### Fringe benefit tax:

The Fringe Benefit Tax (FBT) is accounted for in accordance with the guidance note on accounting for fringe benefits tax issued by the ICAI. The provision for FBT is reported under income taxes.

### xviii. Earnings per share

#### Basic:

The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

#### Diluted:

The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. The number of shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issued.

### xix. Cash flow statement

Cash flows are reported using the indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

## NOTES TO ACCOUNTS

2. The following are the details for 1,460,529,013 (2006: 1,439,802,322, 2007: 1,458,999,650) equity shares as of December 31, 2007.
  - i) 1,398,430,659 Equity shares / American Depository Receipts (ADRs) (2006 & 2007: 1,398,430,659) have been allotted as fully paid bonus shares / ADRs by capitalization of Securities premium account and Capital redemption reserve.
  - ii) 1,325,525 Equity shares (2006 & 2007: 1,325,525) have been allotted as fully paid-up, pursuant to a scheme of amalgamation, without payment being received in cash.
  - iii) 3,162,500 Equity shares (2006 & 2007: 3,162,500) representing American Depository Receipts issued during 2000-2001 pursuant to American Depository offering by the Company.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES**

- iv) 56,685,329 Equity shares (2006: 35,958,638, 2007: 55,155,966) issued pursuant to Employee Stock Option Plan.

**3. Note on Reserves:**

- i) Restricted stock units reserve includes Deferred Employee Compensation, which represents future charge to profit and loss account and employee stock options outstanding to be treated as securities premium at the time of allotment of shares.
- ii) Additions to General Reserve include:

*(Rs. in Million)*

Particulars	Nine month ended		For the year ended
	December 31, 2007	December 31, 2006	March 31, 2007
a) Transfer from Profit and Loss Account	20,618	20,860	19,456
b) Dividend distributed to Wipro Equity Reward Trust	-	40	40
c) Additional dividend paid for the previous year	(1)	(36)	(36)
d) Adjustment on account of amalgamation of cMango Inc & Quantech Global Services LLC with Wipro Inc [refer Note 19(8,9)]	(1,376)	-	-
e) Transition liability for employee benefits	-	(27)	(27)
f) Other Adjustments	(6)	-	-
	<b>19,235</b>	<b>20,837</b>	<b>19,433</b>

4. The Company has designated forward contracts and options to hedge highly probable forecasted transactions based on the principles set out in International Accounting Standard (IAS 39) on Financial Instruments: Recognition and Measurement. Until March 31, 2007, the exchange differences on the forward contracts and gain / loss on such options were recognised in the profit and loss account in the period in which the forecasted transaction is expected to occur. As of December 31, 2006 and March 31, 2007 the Company had forward /option contracts to sell USD 167 million and USD 87 million respectively, relating to highly probable forecasted transactions. The effect of mark to market of the designated contracts as of December 31, 2006 and as of March 31, 2007 was a gain of Rs 89 million and Rs 105 million respectively. The premium / discount at inception of forward contracts was amortised over the life of the contract.

Effective April 1, 2007, based on the recognition and measurement principles set out in the Accounting Standard (AS) 30 on Financial Instruments: Recognition and Measurement, the changes in the derivative fair values relating to forward contracts and options that are designated as effective cash flow hedges of Rs 1,141 million, have been recognised directly in shareholders' funds until the hedged transactions occur. Upon occurrence of the hedged transaction the amounts recognised in the shareholders' funds would be reclassified into the profit and loss account.

As a result of this change in the nine months ended December 31, 2007, the shareholders' funds and loans and advances have increased by Rs. 1,141 million.

5. The Company has a 49% equity interest in Wipro GE Medical Systems Private Limited (Wipro GE), an entity in which General Electric, USA holds the majority equity interest. The shareholders agreement provides specific rights to the two shareholders. Management believes that these specific rights do not confer joint control as defined in Accounting Standard 27 "Financial Reporting of Interests in Joint Ventures". Consequently, Wipro GE is not considered as a joint venture and consolidation of financial statements is carried out as per the equity method in terms of Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial statements".
6. The Company has been granting restricted stock units (RSUs) since October 2004. The RSUs generally vest in a graded manner over a five year period. The stock compensation cost is computed under the intrinsic value method and amortised on a straight line basis over the total vesting period of five years.

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES

For the quarter and nine months ended December 31, 2007, the Company has recorded stock compensation expense of Rs. 303 Million & Rs. 875 Million respectively.

The Company has been advised by external counsel that the straight line amortization over the total vesting period complies with the SEBI Employee Stock Option Scheme Guidelines 1999, as amended. However, an alternative interpretation of the SEBI guidelines could result in amortization of the cost on an accelerated basis. If the Company were to amortize the cost on an accelerated basis, profit after taxation for the quarters ended December 31, 2006 and 2007 would have been higher by Rs.47 million and lower by Rs. 47 million respectively and the profit after taxation for the nine months ended December 31, 2006 and 2007 would have been higher by Rs. 1 Million and lower by Rs. 191 Million respectively. This would effectively increase/ decrease, as the case may be, the profit after taxation in later periods by similar amounts.

7. The Company had received tax demands from the Indian income tax authorities for the financial years ended March 31, 2001, 2002, 2003 and 2004 aggregating to Rs. 11,127 Million (including interest of Rs. 1,503 Million). The tax demand was primarily on account of denial of deduction claimed by the Company under Section 10A of the Income Tax Act 1961, in respect of profits earned by its undertakings in Software Technology Park at Bangalore. The Company had appealed against these demands. In March 2006, the first appellate authority vacated the tax demands for the years ended March 31, 2001 and 2002. The income tax authorities have filed an appeal against the above order.

In March 2007 and July 2007, the first Income tax appellate authority upheld the deductions claimed by the Company under Section 10A of the Act, which vacates a substantial portion of the demand for the year ended March 31, 2003 and 2004.

Considering the facts and nature of disallowance and the order of the appellate authority upholding the claims of the Company for earlier years, the Company believes that the final outcome of the above disputes should be in favour of the Company and there should not be any material impact on the financial statements.

8. In the terms of the scheme of amalgamation filed with and endorsed by the State of Delaware, USA, cMango Inc amalgamated with Wipro Inc with effect from June 1, 2007. Wipro Inc has accounted for the amalgamation as an amalgamation in the nature of merger in accordance with Accounting Standard 14, Accounting for Amalgamations and goodwill amounting to Rs. 907 million has been adjusted against the general reserve of the Company.
9. In the terms of the scheme of amalgamation filed with and endorsed by the State of Delaware, USA, Quantech Global services LLC amalgamated with Wipro Inc with effect from May 1, 2007. Wipro Inc has accounted for the amalgamation as an amalgamation in the nature of merger in accordance with Accounting Standard 14, Accounting for Amalgamations and goodwill amounting to Rs. 469 million has been adjusted against the general reserve of the Company.
10. The Board of Directors and shareholders of the Company have approved on June 6, 2007, the schemes of amalgamation of the following wholly owned subsidiaries with the Company. The amalgamation is subject to the applicable regulatory approvals.
  - i) Wipro Infrastructure Engineering Limited
  - ii) Wipro Healthcare IT Limited
  - iii) Quantech Global Services Limited
  - iv) Mipact Technology Services Private Limited
  - v) mPower Software Services (India) Private Limited; and
  - vi) cMango India Private Limited.
11. The Company has merged its following, fully owned subsidiaries into Hydrauto Group AB with retrospective effect from April 1, 2007.
  - a) Hydrauto Medium cylinders Skellefteas AB
  - b) Hydrauto Engineering AB
  - c) Hydrauto Light Cylinders Bispgarden AB
  - d) Hydrauto Light Cylinders Ostersund AB
  - e) Hydrauto Big Cylinders Ljungby AB



f) Hydrauto Logistics AB

12. The Guidance on implementing AS 15, Employee Benefits issued by the Accounting Standards Board (ASB) provides that exempt provident funds which require employers to meet the interest shortfall are in effect defined benefit plans. The Company's actuary has informed that it is currently not practicable to actuarially determine the interest shortfall obligation.
13. The Finance Act, 2007 has introduced Fringe Benefit Tax (FBT) on employee stock options. The difference between the fair value of the underlying share on the date of vesting and the exercise price paid by the employee is subject to FBT. The Company recovers such tax from the employee. During the quarter ended December 31, 2007 the Company has recognised FBT liability and related recovery of Rs 44 million arising from the exercise of stock options. The Company's obligation to pay FBT arises only upon the exercise of stock options.
14. In September 2007, the Company acquired Infocrossing, Inc. (Infocrossing), a US-based provider of IT infrastructure management, enterprise application and business process outsourcing services for a purchase consideration of USD 436 million (including direct cost of acquisition of USD 5 million). The acquisition was conducted by means of a tender offer for all of the outstanding shares of Infocrossing. This acquisition broadens the data center and mainframe capabilities to uniquely position the Company in the remote infrastructure management space.

The purchase consideration has been allocated on a preliminary basis based on managements' estimates and goodwill of Rs. 22,406 Million has been recorded. The Company is in the process of making final determination of the carrying value of assets and liabilities, which may result in changes in the carrying value of net assets recorded.

15. In July 2007, the Company acquired Unza Holdings (Unza), a Singapore-based FMCG firm for a purchase consideration of USD 246 million (including direct cost of acquisition of USD 1 million). Unza is one of South East Asia's, largest independent manufacturer and marketer of personal care products, and has operations in over 40 countries. Unza has an excellent product range and a large portfolio of strong brands catering to Asian consumers. This acquisition would significantly increase the Company's market size and provide significant synergy in terms of access of common vendors, formulation and brands.

The purchase consideration has been allocated on a preliminary basis based on managements' estimates and goodwill of Rs. 10,338 Million has been recorded. The Company is in the process of making final determination of the carrying value of assets and liabilities, which may result in changes in the carrying value of net assets recorded.

16. During the nine month ended December 31, 2007 a relative of the Chairman of the Company, has been appointed to an office or place of profit after obtaining special resolution of the shareholders. The Company has applied to the Central Government for approval of the appointment.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES**

17. The list of subsidiaries is given below :

<b>Direct Subsidiaries</b>	<b>Step Subsidiaries</b>	<b>Country of Incorporation</b>
Wipro Infrastructure Engineering Ltd		India
Wipro Inc.		USA
	Enthink Inc.	USA
	mPower Software Services (India) Private Limited	India
	MPact Technologies Services Private Limited	India
	cMango India Private Limited	India
	Infocrossing Inc	USA
		Infocrossing EAS, Inc.,
		USA
		Infocrossing Services, Inc.
		USA
		Infocrossing West, Inc. <sup>(A)</sup>
		USA
		Infocrossing Healthcare Services, Inc.
		USA
		Infocrossing, LLC, <sup>(A)</sup>
		USA
		Infocrossing iConnection, Inc.,
		USA
cMango Pte Limited		Singapore
Wipro Japan KK		Japan
Wipro Shanghai Limited		China
Wipro Trademarks Holding Limited		India
	Cygnus Negri Investments Private Limited	India
Wipro Travel Services Limited		India
Wipro HealthCare IT Limited		India
Wipro Consumer Care Limited		India
Wipro Holdings (Mauritius) Limited		Mauritius
	Wipro Holdings UK Limited	UK
		Wipro Technologies UK Limited
		UK
		BVPENTEBeteiligungsgesellschaft GmbH
		Austria
		New Logic Technologies GmbH
		Austria
		NewLogic Technologies SARL
		France
		3D Networks FZ-LLC
		Dubai
		3D Networks (UK) Limited
		UK
Wipro Cyprus Private Limited		Cyprus
	Wipro Technologies S.A DE C.V	Mexico
	Wipro BPO Philippines LTD. Inc	Philippines
	Wipro Holdings Hungary Korlátolt Felelősségű Társaság	Hungary
	RetailBox BV	Netherlands
		Enabler Informatica SA
		Portugal
		Enabler France SAS
		France
		Enabler UK Ltd
		UK

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES**

		Enabler Brasil Ltd	Brazil
		Enabler & Retail Consult GmbH	Germany
	Saraware Oy		Finland
	Hydrauto Group AB		Sweden
		Hydrauto Oy Ab Pernion	Finland
		Hydrauto Celka Hidrolic San ve Tic a.s	Turkey
	Wipro Technologies SRL		Romania
	Wipro Singapore Pte Limited		Singapore
		Unza Holdings Limited <sup>(A)</sup>	Singapore
		Wipro Technocentre (Singapore) Pte Limited <sup>(a)</sup>	Singapore
Quantech Global Services Limited			India
Wipro Australia Pty Limited			Australia
3D Networks Pte Limited			Singapore
Planet PSG Pte Limited			Singapore
	Planet PSG SDN BHD		Malaysia
Spectramind Inc			USA
	WMNETSERV (UK) Ltd.		UK
	WMNETSERV INC.		USA
Wipro Chandrika Limited <sup>(b)</sup>			India
	Wipro Arabia Limited <sup>(c)</sup>		Dubai
WMNETSERV Limited			Cyprus
	WMNETSERV (UK) Ltd.		UK
	WMNETSERV INC.		USA

All the above subsidiaries are 100% held by the Company except the following:

- a) 65% held in Wipro Technocentre (Singapore) Pte Limited
- b) 90% held in Wipro Chandrika Limited
- c) 66.67% held in Wipro Arabia Limited.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES**

(A) Step Subsidiary details of Infocrossing West, Inc., Info crossing, LLC, and Unza Holdings Limited are as follows :

<b>Step subsidiaries</b>	<b>Step subsidiaries</b>	<b>Country of Incorporation</b>
Infocrossing West, Inc.		USA
	Infocrossing Services West, Inc.	USA
Infocrossing, LLC,		USA
	Infocrossing Services Southeast, Inc.	USA
Unza Company Pte Ltd		Singapore
Unza Indochina Pte Ltd		Singapore
	Unza Vietnam Co., Ltd	Vietnam
Unza Cathay Ltd		Hong kong
Unza China Ltd		Hong Kong
	Dongguan Unza Consumer Products	China
PT Unza Vitalis		Indonesia
Unza Thailand Limited		Thailand
Unza Overseas Ltd		British virgin islands
UnzAfrica Limited		Nigeria
Unza Middle East Ltd		British virgin islands
Unza International Limited		British virgin islands
Positive Equity Sdn Bhd		Malaysia
Unza Nusantara Sdn Bhd		Malaysia
	Unza Holdings Sdn Bhd	Malaysia
	Unza Malaysia Sdn Bhd	Malaysia
		UAA Sdn Bhd
	Manufacturing Services Sdn Bhd	Malaysia
		Shubido Pacific Sdn Bhd
	Gervas Corporation Sdn Bhd	Malaysia
		Gervas (B) Sdn Bhd
	Formapac Sdn Bhd	Malaysia

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES**

18. The segment information for the quarter and nine months ended December 31, 2007 follows:

*Rs. in Million*

Particulars	Quarter ended December 31,			Nine months ended December 31,			Year ended
	2007	2006	Growth %	2007	2006	Growth %	March 31, 2007
<b>Revenues</b>							
IT Services	30,683	26,397	16%	87,053	73,702	18%	101,452
Acquisitions	2,429			2,683			
BPO Services	3,051	2,358	29%	8,347	6,755	24%	9,391
<b>Global IT Services and Products</b>	<b>36,163</b>	<b>28,755</b>	<b>26%</b>	<b>98,083</b>	<b>80,457</b>	<b>22%</b>	<b>110,843</b>
India & AsiaPac IT Services and Products	9,716	7,002	39%	26,500	16,988	56%	24,783
Consumer Care and Lighting	4,347	2,110	107%	10,399	5,885	77%	8,160
Others	3,122	2,104	44%	8,419	3,988	113%	7,021
Eliminations	(323)	(249)		(828)	(757)		(1,055)
<b>TOTAL</b>	<b>53,025</b>	<b>39,722</b>	<b>33%</b>	<b>142,573</b>	<b>106,561</b>	<b>34%</b>	<b>149,752</b>
<b>Profit before Interest and Tax - PBIT</b>							
IT Services	6,967	6,411	9%	19,373	18,117	7%	24,782
Acquisitions	117			139			
BPO Services	656	554	18%	1,855	1,506	23%	2,157
<b>Global IT Services and Products</b>	<b>7,740</b>	<b>6,965</b>	<b>11%</b>	<b>21,367</b>	<b>19,623</b>	<b>9%</b>	<b>26,939</b>
India & AsiaPac IT Services and Products	874	586	49%	2,134	1,408	52%	2,139
Consumer Care and Lighting	525	264	99%	1,270	739	72%	1,006
Others	296	64	364%	485	230	111%	322
<b>TOTAL</b>	<b>9,435</b>	<b>7,879</b>	<b>20%</b>	<b>25,256</b>	<b>22,000</b>	<b>15%</b>	<b>30,406</b>
Interest (Net) and Other Income	176	713		1,702	1,732		2,582
<b>Profit Before Tax</b>	<b>9,611</b>	<b>8,592</b>	<b>12%</b>	<b>26,958</b>	<b>23,732</b>	<b>14%</b>	<b>32,988</b>
Income Tax expense including Fringe Benefit Tax	(1,100)	(1,031)		(3,150)	(3,122)		(3,868)
<b>Profit before Share in earnings of associates and minority interest</b>	<b>8,511</b>	<b>7,561</b>	<b>13%</b>	<b>23,808</b>	<b>20,610</b>	<b>16%</b>	<b>29,120</b>
Share in earnings of associates	40	89		233	246		295
Minority interest	(11)	4		(8)	4		6
<b>PROFIT AFTER TAX</b>	<b>8,540</b>	<b>7,654</b>	<b>12%</b>	<b>24,033</b>	<b>20,860</b>	<b>15%</b>	<b>29,421</b>
<b>Operating Margin</b>							
IT Services	23%	24%		22%	25%		24%
Acquisitions	5%			5%			
BPO Services	22%	23%		22%	22%		23%
<b>Global IT Services and Products</b>	<b>21%</b>	<b>24%</b>		<b>22%</b>	<b>24%</b>		<b>24%</b>
India & AsiaPac IT Services and Products	9%	8%		8%	8%		9%
Consumer Care and Lighting	12%	12%		12%	13%		12%
<b>TOTAL</b>	<b>18%</b>	<b>20%</b>		<b>18%</b>	<b>21%</b>		<b>20%</b>
<b>CAPITAL EMPLOYED</b>							
IT Services	49,680	39,453		49,680	39,453		46,454
Acquisitions	25,409			25,409			
BPO Services	3,207	2,096		3,207	2,096		2,493
<b>Global IT Services and Products</b>	<b>78,296</b>	<b>41,549</b>		<b>78,296</b>	<b>41,549</b>		<b>48,947</b>
India & AsiaPac IT Services and Products	8,829	4,287		8,829	4,287		5,363
Consumer Care and Lighting	16,459	2,573		16,459	2,573		2,957
Others	40,597	46,800		40,597	46,800		42,584
<b>TOTAL</b>	<b>144,181</b>	<b>95,209</b>		<b>144,181</b>	<b>95,209</b>		<b>99,851</b>
<b>CAPITAL EMPLOYED COMPOSITION</b>							
IT Services	34%	41%		34%	41%		47%
Acquisitions	18%			18%			-
BPO Services	2%	2%		2%	2%		2%
<b>Global IT Services and Products</b>	<b>54%</b>	<b>44%</b>		<b>54%</b>	<b>44%</b>		<b>49%</b>
India & AsiaPac IT Services and Products	6%	5%		6%	5%		5%
Consumer Care and Lighting	11%	3%		11%	3%		3%
Others	29%	48%		29%	48%		43%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>		<b>100%</b>	<b>100%</b>		<b>100%</b>
<b>RETURN ON AVERAGE CAPITAL EMPLOYED</b>							
IT Services	57%	68%		54%	69%		64%
Acquisitions	2%						
BPO Services	84%	108%		87%	48%		49%
<b>Global IT Services and Products</b>	<b>41%</b>	<b>70%</b>		<b>45%</b>	<b>67%</b>		<b>63%</b>
India & AsiaPac IT Services and Products	45%	70%		40%	56%		55%
Consumer Care and Lighting	13%	42%		17%	52%		48%
<b>TOTAL</b>	<b>27%</b>	<b>35%</b>		<b>41%</b>	<b>54%</b>		<b>36%</b>

**Notes to Segment Report**

- a) The segment report of Wipro Limited and its consolidated subsidiaries and associates has been prepared in accordance with the Accounting Standard 17 "Segment Reporting" issued by The Institute of Chartered Accountants of India.
- b) Segment revenue includes exchange differences which are reported in other income, in the financial statements. PBIT for the quarter ended December 31, 2007 includes certain operating other income of Rs. 302 Million in Global IT Services and Products, Rs. 12 Million in India and AsiaPac IT Services and Products, Rs. 14 Million in Consumer Care and Lighting and Rs. 29 Million in Others which is not included in segment revenue.
- c) PBIT for the quarter and ninth month ended December 31, 2007 is after considering restricted stock unit amortisation of Rs. 303 Million (2006: Rs. 440 Million & 2007: Rs 1078 Million) and Rs. 875 Million (2006: Rs 1036 Million & 2007: Rs 1078 Million). PBIT of Global IT Services and Products for the quarter and ninth month ended December 31, 2007, is after considering restricted stock unit amortisation of Rs. 256 Million (2006: Rs. 384 Million & 2007: Rs 936 Million) and Rs. 754 Million (2006: Rs.906 Million & 2007: Rs. 936 Million).
- d) Capital employed of segments is net of current liabilities which is as follows :-

*(Rs. in Million)*

Name of the Segment	As of December 31,		As of March 31,
	2007	2006	2007
Global IT Services and Products	17,456	18,601	18,656
India & AsiaPac IT Services and Products	8,884	7,150	7,601
Consumer Care and Lighting	3,505	1,398	1,537
Others	12,623	5,122	14,589
	<b>42,468</b>	<b>32,271</b>	<b>42,383</b>

- e) Capital employed of 'Others' includes cash and cash equivalents including liquid mutual funds of Rs. 28,006 Million (2006: Rs. 38,208 Million & 2007 Rs. 42,652 Million).
- f) The Company has four geographic segments: India, USA, Europe and Rest of the World. Significant portion of the segment assets are in India. Revenue from geographic segments based on domicile of the customers is outlined below:

*(Rs. in Million)*

Geography	Quarter ended December 31,				Nine month ended December 31,				Year ended March 31,	
	2007	%	2006	%	2007	%	2006	%	2007	%
India	12,454	24%	8,482	22%	34,556	24%	21,505	20%	31,115	21%
USA	23,505	44%	19,118	48%	62,929	44%	53,571	50%	72,702	49%
Europe	12,442	23%	9,710	24%	34,704	25%	25,407	24%	36,972	24%
Rest of the World	4,624	9%	2,412	6%	10,384	7%	6,077	6%	8,963	6%
<b>Total</b>	<b>53,025</b>	<b>100%</b>	<b>39,722</b>	<b>100%</b>	<b>142,573</b>	<b>100%</b>	<b>106,560</b>	<b>100%</b>	<b>149,752</b>	<b>100%</b>

- g) For the purpose of reporting, business segments are considered as primary segments and geographic segments are considered as secondary segments.
- h) The acquisitions, made by Global IT Services and Products, consummated during the year ended March 31, 2006 and 2007 were reported separately in the segment report. The acquisitions have now been completely integrated into Global IT Services and Products and hence not reported separately in the segment report. Segment information for the previous periods has accordingly been reclassified on a comparable basis.
- i) The Company has designated forward contracts and options to hedge highly probable forecasted transactions based on the principles set out in International Accounting Standard (IAS 39) on Financial Instruments. Until March 31, 2007, the exchange differences on the forward contracts and gain / loss on such options were recognised in the profit and loss account in the period in which the forecasted transaction is expected to occur. As of December 31, 2006 and March 31, 2007 the Company had forward /option contracts to sell USD 167 million and USD 87 million respectively, relating to highly probable forecasted transactions. The effect of mark to market of the designated

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES**

contracts as of December 31, 2006 was a gain of Rs 89 million and as of March 31, 2007 was a gain of Rs 105 million. The premium / discount at inception of forward contracts was amortised over the life of the contract.

Effective April 1, 2007, based on the recognition and measurement principles set out in the Accounting Standard (AS) 30 on Financial Instruments: Recognition and Measurement, the changes in the derivative fair values relating to forward contracts and options that are designated as effective cash flow hedges of Rs 1,141 million, has been recognised directly in shareholders' funds until the hedged transactions occur. Upon occurrence of the, hedged transaction the amounts recognised in the shareholders' funds would be reclassified into the profit and loss account.

As a result of this change in the nine month ended December 31, 2007, the shareholders' funds and loans and advances have increased by Rs. 1,141 million.

- 19.** Corresponding figures for previous periods presented have been regrouped, where necessary, to confirm to the current period classification.